



## EU focus on global public goods

### For the general good

The European Union (EU) recognises the growing importance of global public goods (GPGs) in the context of international efforts to achieve sustainable development. Often individual countries are unable to subordinate their local interests to the general good. GPGs, however, provide an opportunity for getting to grips with issues of common interest. They highlight the way in which problems overlap and require integrated rather than fragmented solutions. The EU is convinced therefore that an international, open and transparent process is needed to advance consideration and consensus on this matter.

### First things first: what are global public goods?

In defining GPGs it helps to ask: how global is global, what is public and what are the goods? The 'goods' in this context are not merchandise or services (although these may be called upon within the framework that provides the goods). No; rather the goods refer to the advantages to society from the provision of certain utilities and from satisfying particular wants and needs such as the eradication of disease or the elimination of pollution. Broadly, they can be classified into five main types: environment, health, knowledge, peace and security, and governance. Within each of these sectors goods can be identified that bring advantages to society as a whole and to which every individual has an equal entitlement.

This leads to the public nature of the goods. Although the goods themselves do not have to be provided by governments or public bodies, they should have the potential to be enjoyed by all, regardless of whether the end user has paid for them or not. Thus we can all benefit from cleaner air even though we may not have contributed to the costs of reducing pollution.

Such public goods are also described as 'non-rival' because, unlike privately owned goods, their use by one consumer does not prevent another consumer from accessing them. Take clean air again, or benefiting from the fact that a particular disease has been eradicated – with these, the advantage to one person does not hinder the advantage to another, whereas, if one person buys a car, another person is effectively deprived of it.

And the goods are global because they range beyond national borders. In reality not all GPGs are truly global in their reach but they are, at least, regional and/or inter-

national in that their benefits extend across several countries. The river basin management model in the EU, for example, has advantages for all the countries the river flows through, including some that are not EU Member States. The resulting advantages can be described as a GPG in that they are international. GPGs also have another dimension in that they reach across time as well: what is put in place today can benefit future generations.

### A positive model of globalisation

Global sustainable development will require an unprecedented level of international co-operation. And it must be a co-operation in which the developing countries are brought in as true partners and not underdogs. Key challenges for achieving this objective are the eradication of poverty and the protection of our environment from the damaging processes that have depleted natural resources and polluted land sea, rivers and air.

Existing models of economic globalisation are not delivering these results. Far from poverty being reduced and the environment being protected, we are seeing an ever-widening gap between the rich and the poor nations and continuing degradation of the environment. Economic growth alone is not enough: it needs to be supported by social measures that promote democracy and participation, expand education, improve access to medicine and healthcare and help the transfer of technology, as well as by practices that husband the environment and natural resources.

These, clearly, fall within the definition of GPGs. The proper management of public goods in an international context will bring benefits to both the developing and the developed world. Resources will be more fairly distributed and the rich nations will not have to bear all the costs of developing and distributing them. Agreeing on how to provide GPGs can, therefore, be a platform from which more equitable partnerships between the developed and the developing world can be built.

By devising a process for providing GPGs the very foundations of economic and social growth can be strengthened. Instead of tackling global issues piecemeal, instead of treating just the symptoms of problems, they offer a means of rebuilding from the base.



Reduce pollution in urban areas and the productivity of workers will increase. Improve social structures that lead to stability in a country and foreign direct investment will flow in. Moreover, improvement in the provision and financing of one GPG will generate benefits in other areas. If the knowledge base of a country can be improved then its capacity to develop its own production systems will be increased and it will be able to achieve better economic stability. Instead of the vicious circle of deprivation that afflicts so much of the world, we can envisage a virtuous cycle of growth and stability. The hope of a positive model of globalisation lies partly in dealing appropriately with the provision of GPGs.

### Shortfalls in current arrangements

As the importance of GPGs has only recently been fully understood, existing policy-making mechanisms are not yet adequate to provide them. The three main deficits are:

- **Jurisdiction gap.** GPGs are global in their scope but policy-making remains largely national. Individual states will have to introduce an international dimension to their public policies and make funds available for international co-operation. In producing national public goods they will also be contributing to such international co-operation.
- **Participation gap.** Too often developing countries are excluded from intergovernmental decision-making. Agreements on which GPGs should be given priority are political choices in which the maximum involvement of all those affected is crucial. One way of closing this gap would be to establish an international task force to debate the issues, make recommendations and devise strategies and policies. This could even evolve into an executive body with policy-making and implementation powers.
- **Incentive gap.** In providing and financing GPGs lies the danger that scarce resources could be drawn away from traditional forms of development aid. This would have an adverse effect on the poorest countries, which often rely on development aid to meet their most basic needs. As rich and poor alike benefit from GPGs, any resources allocated to their development should be in addition to provisions for development aid.

### Setting priorities for additional finance

A key concern is that additional funding for GPGs should not be to the detriment of the poorest countries and of funding for the core objective of poverty eradication. As GPGs benefit both developing and developed countries, one of the consequences of increased policy attention to providing and financing GPG's could be that the real level of official development aid (ODA) reaching the poor would be even lower than the current official figures if the resources for GPGs were to come from ODA.

It will be essential, therefore, to identify new and innovative sources of finance to ensure that the resources are additional to existing development aid. It is thus very important to agree on some priority GPGs. As these come into focus, it should be possible to identify new means of funding them by relating the resources required to the impact specific GPGs will have and by looking at the fairest ways in which countries at different stages of economic development can contribute.

The external factors involved in each GPG should also be brought into the equation. In this way a spirit of international financial solidarity can be fostered. With communicable diseases, for example, it is in everyone's interest that they should be controlled, but the countries at greatest risk from them may also be the least able to pay for disease-control measures. Richer countries could form partnerships with poorer ones to provide the resources as a form of insurance for all against disease. Such bilateral or multilateral partnerships, appropriate to each GPG, could form the basis of new funding mechanisms. Although international discussion will decide which GPGs should take priority, some crucial areas for urgent attention are:

- Communicable diseases
- Dissemination of knowledge
- Minimising climate change
- Reducing pollution
- Protecting biodiversity
- Peace and security
- Financial stability.

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